OCCASIONAL PAPERS ▫ 9

LAND RECLAMATION: A STRATEGY FOR INNER CITY STABILIZATION

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PREFACE

This paper was prepared for presentation at the Winnipeg 2000 Conference, September 25, 1984 organized by the Institute of Urban Studies, University of Winnipeg and the Institute of Social and Economic Research, University of Manitoba. Special thanks are due to D. Jane Snidal of the University of Winnipeg for her perceptive editing of the draft and for her skillful presentation of the paper at the Winnipeg 2000 Conference in my absence.

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1.0 INTRODUCTION

The consensus of most analysts is that the City of Winnipeg will experience continued low growth to the year 2000. This low growth scenario represents a continuation of the growth patterns experienced during the past 15 years.

This paper looks at one possible development strategy consistent with the low growth scenario. The proposal made reflects the lessons learned from an extensive review of planning initiatives undertaken in Winnipeg since the end of the Second World War, and espouses an old theme but proposes a different philosophy for its implementation.

The key requirement for a development strategy for Winnipeg in the next 15 years is to stabilize the inner city -- to slow and stop the progressive decline of population, activity and quality of life within the older areas of central Winnipeg. Achievement of this priority is important to the future of the city no matter what growth scenario unfolds over the next 15 years.

Inner city stabilization, or, more recently, revitalization, has been a major component of the municipal planning process in Winnipeg for many years. Unfortunately the efforts advanced in this cause have, as yet, been unsuccessful for several reasons -- three of which are relevant to the strategy proposed here. First, inner city strategy has always been pursued concurrently with a strategy of development on the urban periphery. Second, the tactic used for inner city stabilization has itself been premised upon and oriented towards high growth rates. The major element of the tactic has emphasized the construction of extensive new developments in the downtown area with the result that the geographic boundaries of the downtown have been persistently expanded

to include areas formerly providing inner city housing opportunities. Third, the body politic has failed to recognize the long lead times required to correct the fundamental problems of the inner city.

The inner city stabilization strategy proposed here recognizes that technological change has created an excess supply of downtown land in the inner city. It also recognizes that while a period of slow growth in Winnipeg will exacerbate the excess supply situation, even a period of relatively high growth is unlikely to overcome this excess supply of land in the downtown by the year 2000.

The strategy involves the reclamation of obsolete industrial and commercial land in the downtown in order to create modern residential subdivisions which would border on a more compact downtown. The strategy recognizes that the supply of obsolete land exceeds the short run demand for residential subdivisions in the inner city and proposes that land banking initiatives be undertaken in concert with the reclamation activities.

Successful implementation of an inner city stabilization strategy will require additional complementary policies, in particular, growth management and key site development policies.

2.0 THE STRATEGIC CONTENT

The strategy of inner city stabilization must be undertaken now within a context of substantial previous deterioration. The factors underlying this deterioration are fundamental forces which have influenced the city's development over the past 125 years. Three major factors of

relevance for the proposed strategy are: 1) the existing diffusion of economic activity over a broad Winnipeg based region; 2) the dispersion of downtown activity over too large an area of the inner city; and 3) the failure of the process of redevelopment in the downtown. These forces have weakened the heart of the city.

The maintenance of an active heart is vitally important for any municipality. It is the heart which identifies a city -- both for local observers and for persons in distant areas. Urban development pressures will change the heart through growth, relocation and atrophy of this vital organ. All of these changes can create problems for the city; but more so in the case of relocation or atrophy.

In Winnipeg, the downtown heart has atrophied over the past several decades. Transitional forces have resulted in the shifting of various elements of the downtown to locations on the urban periphery, but not in sufficient concentration to have created a new heart. The result has been a loss of vitality as the downtown has become less relevant to a significant portion of the population.

Winnipeg's downtown reflects another factor of change which by itself would cause significant difficulty -- namely the impact of technological change on the land requirements of the downtown. Technological change has done two things in particular. First, it has changed the functions which are appropriate to the downtown, for example, manufacturing activities which, in general, require transportation infrastructure not suited to downtown areas. Second, it has changed the land requirement needed to undertake the remaining functions, as for example, when 4 to 6 storey buildings are replaced by 24 to 26 storey buildings.

The combination of atrophy and changing land requirements has resulted in reduced redevelopment pressures for obsolete buildings and properties

in the downtown. Moreover, the projected levels of development for the forseeable future are unlikely to create a demand for downtown land sufficient to stimulate normal redevelopment of the area for downtown purposes. Thus decaying, underutilized buildings, vacant lots, and extensive surface parking will continue to dominate the environment of downtown Winnipeg and hence the inner city.

The environment of decay cannot be overcome simply by spot redevelopment. By concentrating existing activity in a 20 or 25 storey building on a small building site, activity is being drawn from the rest of the downtown thus spreading the problems of vacancy and decay even more widely.

In addition to the problems caused in the inner city by atrophy and technological change, the inner city of Winnipeg is facing another challenge to its existence. Although some evidence now exists of the beginning of an attitudinal change, a significant portion of the population continues to desire to live in modern residential subdivisions with cul-de-sacs, bays and crescents as well as a feeling of newness. Presently, the land resources in Winnipeg appropriate for development of this type lie on the periphery of the extended city. New development in the inner city is, as a result, likely to be of an infill nature which functions on an incremental property by property basis.

Thus many existing inner city residential areas will not be preferred markets to a substantial number of persons in the housing market. Those households wishing to live in modern subdivisions will continue to locate on the urban periphery and the significance of the downtown heart of the city to members of these households will be reduced and eroded. As convenient facilities such as shopping centres, are developed on the urban periphery, the alienation of these households from the heart of the city will be increased.

3.0 RECLAMATION FOR INNER CITY STABILIZATION

A strategy of land reclamation in the downtown in conjunction with a complementary land banking program could substantially assist in overcoming some of the causes of the atrophy of the heart of the city. Successful implementation of the strategy requires the adoption of longer term perspectives than have heretofore been exhibited in Winnipeg's downtown redevelopment activities. I cannot stress the importance of this longer term perspective too much.

The land reclamation strategy proposed involves the down zoning and acquisition of downtown land which is currently surplus to present and future downtown needs and currently in a vacant condition or obsolescent use. Land acquired under the reclamation process would either be banked with an appropriate interim use -- such as parks or public squares -- or developed for land uses consistent with the establishment of modern residential subdivisions in the area. The net effect of either of these applications is to reduce the supply of land available for downtown uses.

A reduced supply of downtown land in conjunction with growth management policies and key site policies would serve to concentrate the downtown development pressure into a more compact area. A more compact downtown area would have two impacts on new commercial development. First, the compactness of the downtown would enhance proposed new developments -- both by increasing the level of interaction among the new downtown projects and by reducing the negative impact of the former environment of deterioration in the downtown. Secondly, the reduced supply of land would have a tendency to raise the value of the remaining supply of land. However, it is unlikely that this would significantly reduce development since the remaining area would still be relatively large

so that continued competition by the remaining landowners for development funds could be expected.

By providing substantial parcels of land suitable for replatting and redevelopment in the configuration of modern residential subdivisions, land reclamation could provide the alternative to the continuing subdivision of land on the urban periphery. This would in turn lead to an increased residential population in the inner city which would in itself provide a stable market for commercial activities in the downtown.

In addition to the commercial impact from attracting new residents to the inner city, the new residential subdivisions could improve the socio-economic mix of the inner city and assist in the re-establishment of the downtown as the heart of the city.

The land reclamation strategy is a significant element in contributing to the success of some of the other strategic options frequently discussed. For instance, by creating modern inner city residential subdivisions to compete with those on the urban periphery, land reclamation provides another tool in the action against suburban sprawl.

The reclamation strategy would also complement the key site development option. The key site development proposals of the Core Area Initiative (CAI) and the North Portage Development Corporation (NPDC) were preceded by a key site proposal put forth in 1969 by the Metropolitan Corporation of Greater Winnipeg in their official plan, Downtown Winnipeg. The key site south of Portage Avenue consisted of 14 blocks bounded by St. Mary Avenue and Edmonton Street on the east and west. (Another key site was identified north of Portage Avenue but stimulus incentives were not instituted there).

To see the role of reclamation as a complement to key site development

options, it is necessary to review the relationships between the South Portage key site of the Metro Plan and the North Portage key site of the Core Area Initiative.

The South Portage key site has been the location of much of the redevelopment activity which has taken place in Winnipeg in the past fifteen years. The Convention Centre, Lakeview Square, Eaton Place and the office towers developed along St. Mary are all in or adjacent to the key site. This area constitutes the largest portion of Winnipeg's redeveloped downtown.

Much of the impetus for redevelopment occurred at the expense of older areas of the downtown so that the redevelopment did not really constitute a significant net gain. The areas vacated, including North Portage, have deteriorated to the degree that the need for a massive revitalization initiative there has become obvious. Unfortunately, the proposed elements of this new initiative for North Portage consist largely of intensive downtown developments which will compete with South Portage, thus potentially initiating yet another shift of downtown activity.

Had a land reclamation and land banking program been instituted at the time of the initiation of the South Portage key site programs, the situation in the downtown would likely have been very different than it is now. Because urban decline is a progressive condition, decay feeds on itself. Land reclamation and banking activities would have provided an opportunity to intercept North Portage decay in the early stages -- before the current proportions were reached. Certainly land reclamation and banking activities would be an integral part of the current initiatives and focus attention on the key sites.

4.0 IMPLEMENTING A RECLAMATION STRATEGY

The implementation of a stabilization strategy requires strong commitment by the body politic -- both the people and the politicians. Major investment of public funds which provide only minimal short run return is a risky (and expensive) political endeavour for government. Equally risky for government is the requirement inherent in the strategy to implement growth management policies. This is a fundamental reversal of the *laissez-faire* approach to urban land development that has been the typical approach in Winnipeg to date.

The land reclamation strategy would be implemented through a combination of municipal action and the action of a newly created Winnipeg Land Reclamation company. The latter vehicle would be an entity owned jointly by the city and province (and perhaps the federal government).

Identification of specific parcels for reclamation first requires that the boundaries of the new compact downtown be determined. Criteria for such determination should include, for example, the density of existing developments, particularly with respect to continuous development, building conditions, adjacent development and infrastructure availability. Because of the dispersed nature of development for downtown uses in Winnipeg's past, the new boundaries could conceivably leave certain properties isolated as non-conforming uses in a residential area. These incongruities can not be avoided in the short run. In the long run these incongruities will hopefully be self correcting.

Reclamation of a particular parcel of land would commence with a development freeze and down zoning to a residential category. Acquisition of the land on behalf of the reclamation company would proceed via the expropriation route similar to that used on behalf of the North Portage

Development Corporation. The reclamation company would bear the responsibility for clearing the land as well as establishing interim uses on the land to be banked.

Several options are available for actual redevelopment of reclaimed land. The land could be offered for sale by the reclamation company on the basis of tenders received from land development companies. The purchaser would bear the responsibility of obtaining subdivision permits and development agreements with the city for the development of the land. The bid accepted by the reclamation company could be made a function of the commitments made by the purchaser with respect to the nature of the proposed development, the timing of expenditures and the timing of the offering of residences for sale. Careful co-ordination would be required to ensure that delays in the approval process did not jeopardize the purchase agreement.

Innovative payment proceedures could assist in the achievement of the objectives of the land reclamation program. For instance, the purchase price paid by the development company could well involve the swap of some of the development company's land holdings on the urban periphery for the reclaimed land in the inner city. Such an exchange would serve to reduce the supply of developable land on the periphery in private hands and remove land from the market in the short run. The terms of trade would be subject to negotiation and could reflect the location and condition of the peripheral land in question. Only in particular circumstances would a hectare for hectare exchange be anticipated.

A variation on the theme of outright purchase of the reclaimed land by a development company would be for the land reclamation company to enter into a partnership agreement with the private developer for the development of the parcel. The land reclamation company could earn its equity in the partnership through provision of the land while the development company

would earn its equity through financing the development which occurs on the parcel. This option would require the usual buyout provisions to protect against subsequent disagreement as to the nature of the development.

Another option would be for the reclamation company to act as the developer and to subdivide lots for sale to builders or directly to the public. As a variation of this option, the reclamation company could build and sell or lease residences to householders directly. These last two options require the greatest involvement of the reclamation company and could well represent too great a diversion from its main purpose.

5.0 EXAMPLES OF POTENTIAL RECLAMATION PARCELS

As discussed previously, identification of specific reclamation parcels can not proceed until the boundaries of the new more compact downtown have been established. Simply on the basis of casual observation, two parcels potentially suitable for reclamation can be identified for discussion purposes. One parcel lies in the vicinity of Broadway and Main, while the other lies in the vicinity of William and Hargrave.

The first parcel is bounded by Main Street and Smith Street on the east and west and by Broadway and St. Mary Avenue on the south and north. The parcel is about 12 hectares in size although not all of the area would be suitable for reclamation given the existence of several new buildings, such as the Wawanesa Building on Broadway and the Royal Bank service building at the corner of Fort and York. (The acquisition of such buildings could be undertaken if the benefit-cost trade-off for a particular property was appropriate). The parcel already contains two

major residential facilities which could be integrated into the development -- Beacon Hill Lodge on Fort Street and One Eighty-Five Smith Street.

This first parcel was included in the key site proposed in the 1969 Metro Downtown Plan. With the exception of the two blocks with Main Street frontage, the plan called for medium and high rise residential buildings to be located on the parcel utilizing the existing grid system of streets. This area is relatively isolated from other parcels of land suitable for reclamation by the major regional streets that bound it, thus development proposals for the parcel must be relatively self-contained. The difference between the kind of development visualized under the 1969 Metro Plan and the reclamation option proposed here is important. The reclamation option tries to create a modern residential subdivision adjacent to a smaller downtown while the Metro Plan proposed downtown residential development -- containing a total of 1,000 units in 6 buildings.

The second parcel which illustrates the concept of reclamation is bounded by Hargrave Street and Ellen Street on the east and west and by McDermot Avenue and William Avenue on the south and north. This parcel is presently occupied primarily by industrial buildings, many of which are for sale. One entire block is presently vacant. The parcel is about 3.4 hectares in size.

This parcel is especially suitable for family housing given its location. The area to the west already contains family housing with schools, and some playground space is available. The area to the west also contains several properties suitable for infill as well as some intruding commercial and industrial uses -- and relocation of these latter properties would generally assist in creating a stronger residential zone in the area.

6.0 SUMMARY

The strategy of land reclamation in the downtown to facilitate residential development is a long run strategy. The strategy requires commitment by the body politic, over a period of 30 to 40 years, to the concept of shrinking the size of the downtown and filling the resulting vacuum by the development of residential subdivisions. The strategy can not be accomplished overnight, nor over the two to five year length of political terms of office.

The strategy is designed to solve a problem that has been created over a 125 year period. Thus, a 30 to 40 year solution time represents a relatively speedy solution in spite of the fact that it will require more than a generation to reach that solution.

The strategy must be maintained through periods of boom and bust -- unless, of course Winnipeg again becomes the gateway to a vast new frontier and the "glorious days" of 1901-1911 return. In this case, Winnipeg will fulfill its destiny as the "Chicago of the North" and the strategy will become inappropriate.

In summary the strategy consists of the following components:

1) reduction of the size of the downtown through the acquisition of obsolete and vacant downtown land by a public agency.

2) down zoning and clearing of the land by the public agency prior to making the reclaimed land available for residential subdivision or for land banking in appropriate interim uses.

3) release of the land for subdivision and development to either private sector or public sector agencies or both.

4) facilitate marketing of inner city subdivisions by control of peripheral development including, where appropriate, the swapping of inner city land holdings for land holdings on the urban periphery -- the latter to be land banked.

The detail of implementing the strategy can be adapted to suit the needs of the time and the players of the game. The essential element is to gain a firm commitment to the concept of shrinking the size of the downtown and filling the vacuum with modern residential subdivisions. Adoption of this strategy is of fundamental importance for the future of Winnipeg.

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